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November 13, 2024

Consolidated Financial Results
for the Six Months Ended September 30, 2024
(Under Japanese GAAP)

Company name: Komehyo Holdings Co., Ltd.
Listing: Tokyo Stock Exchange / Nagoya Stock Exchange
Securities code: 2780
URL: <https://komehyohds.com>
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Scheduled date to file semi-annual securities report: November 14, 2024
Scheduled date to commence dividend payments: November 28, 2024
Preparation of supplementary material on financial results: Yes
Holding of financial results briefing: Yes
(Live streaming for analysts and institutional investors and video posting on our website)

(Yen amounts are rounded down to millions, unless otherwise noted.)

1. Consolidated financial results for the six months ended September 30, 2024 (from April 1, 2024 to September 30, 2024)

(1) Consolidated operating results (cumulative) (Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Six months ended								
September 30, 2024	69,447	31.6	3,126	△2.6	3,069	△6.2	1,961	△8.2
September 30, 2023	52,764	34.5	3,210	84.1	3,271	91.4	2,137	95.8

Note: Comprehensive income for the six months ended September 30, 2024: ¥2,696 million [7.3%]
for the six months ended September 30, 2023: ¥2,512 million [63.2%]

	Basic earnings per share	Diluted earnings per share
Six months ended	Yen	Yen
September 30, 2024	178.98	—
September 30, 2023	195.05	—

(2) Consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio
As of	Millions of yen	Millions of yen	%
September 30, 2024	74,707	30,913	40.9
March 31, 2024	64,039	28,770	44.4

Reference: Equity

As of September 30, 2024: ¥30,521 million
As of March 31, 2024: ¥28,405 million

2. Cash dividends

	Annual dividends per share				
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended March 31, 2024	—	44.0	—	44.0	88.0
Fiscal year ending March 31, 2025	—	52.0			
Fiscal year ending March 31, 2025 (Forecast)			—	52.0	104.0

Note: Revisions to the forecast of cash dividends most recently announced: None

3. Consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2025 (April 1, 2024 to March 31, 2025)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	144,500	21.0	8,470	13.6	8,400	12.3	5,560	10.6	507.47

Note: Revisions to the financial results forecast most recently announced: None

* Notes

- (1) Significant changes in the scope of consolidation during the current interim period: None
- (2) Adoption of accounting treatment specific to the preparation of semi-annual consolidated financial statements: Yes
- (3) Changes in accounting policies, changes in accounting estimates, and restatement
 - ① Changes in accounting policies due to revisions to accounting standards and other regulations: None
 - ② Changes in accounting policies due to other reasons: None
 - ③ Changes in accounting estimates: None
 - ④ Restatement: None
- (4) Number of issued shares (common shares)

- ① Total number of issued shares at the end of the period (including treasury shares)

As of September 30, 2024	11,257,000 shares
As of March 31, 2024	11,257,000 shares

- ② Number of treasury shares at the end of the period

As of September 30, 2024	297,777 shares
As of March 31, 2024	300,715 shares

- ③ Average number of shares outstanding during the period (cumulative from the beginning of the fiscal year)

Six months ended September 30, 2024	10,957,375 shares
Six months ended September 30, 2023	10,956,360 shares

* Semi-annual financial results reports are exempt from review conducted by certified public accountants or an audit firm.

* Proper use of earnings forecasts, and other special matters
(Notes on the earnings forecasts and other forward-looking statements)

The earnings forecasts and other forward-looking statements herein are based on data currently available to the Company and certain assumptions that the Company believes are reasonable, and the Company has no intention of guaranteeing the achievability of them. Actual results may differ significantly from these forecasts due to various factors.

(How to obtain supplementary presentation materials for semi-annual financial results)

Supplementary explanatory materials for financial results will be disclosed on TDnet on the same day and will also be posted on our website. In addition, our company will a joint financial results briefing session for institutional investors and analysts will be held on November 14, 2024 at 11:00 a.m. via live streaming on ZOOM Webinar, and the recorded video will be available at a later date. We plan to post it on our corporate website.

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1. Overview of business results, etc.

(1) Overview of business results for the current interim period

For the Japanese economy during the first half of the fiscal year under review, the Bank of Japan ended its negative policy rate in March 2024 and raised the rate for the first time in 17 years. Meanwhile, real wages increased in June for the first time in 27 months. This suggested the beginning of a shift from prolonged deflation to a virtuous circle of an increase in commodity prices and wages. However, the Bank of Japan raised its policy rate again at the end of July, which resulted in a significantly stronger yen mainly due to a reduced gap between the US and Japanese policy rates and the rapid fluctuation of stock prices, and currently the financial market remains unstable.

In the reuse industry, the market as a whole continued to expand, reflecting moves to build a sustainable society and the growing awareness of reuse associated with these moves. In addition to an increase in services and channels, competition in acquisition and sale has only been intensifying due to increasingly active M&A activities through industry reorganization and a large number of new companies entering the market. In the used branded product business, the prices of high-end watches, branded bags, and other products remained weak due to the fluctuation of exchange rates.

The Komehyo Group has set its Mission (the significance of its existence): We respect people for making products, thank people for providing products for use by other people, and make people who reuse such products happy, and by doing so, create an empathy-based recycling society. Guided by this mission, the Group will contribute to creating sound reuse markets in Japan and overseas and will promote initiatives to enable many people to become familiar with reuse and aware of its convenience, aiming to achieve its Vision (what it aims to be like): We develop a concept of environmentally and socially conscious recycling into a culture.

Guided by these ideas, the Group as a whole worked to achieve its Vision. As a result, the Group's net sales for the six months ended September 30, 2024 increased 31.6% year on year to 69,447 million yen. In the Brand Fashion business, sales increased significantly, with record-high net sales achieved by Komehyo Co., Ltd. and K-Brand Off Co., Ltd. In addition, in the tire and wheel business, sales of tire and wheel sets were strong due to special demand before the wheel price revision. Country of in-house planning wheels Sales at home and abroad were also strong.

Regarding operating income, ordinary income and net income attributable to owners of parent, gross profit increased with the increase in net sales and selling, general and administrative expenses were controlled as planned. As a result, operating income decreased 2.6% year on year, to 3,126 million yen, ordinary income decreased 6.2% year on year to 3,069 million yen and net income attributable to owners of parent decreased 8.2% year on year to 1,961 million yen.

The medium-term business plan for the period up to the fiscal year ending March 31, 2028 includes growing the business through M&A activities as one growth strategy. As part of this strategy, the Company purchased shares of RK Enterprise Co., Ltd. and its subsidiary, Rodeo Drive Japan Co., Ltd., on October 23, 2024, and Komehyo Co., Ltd., the Company's consolidated subsidiary, purchased shares of Rs-Japan on November 1, 2024. The Company plans to implement an absorption-type merger in which Komehyo will be the surviving company and Rs-Japan will be the dissolved company on February 1, 2025.

Consolidated results (Millions of yen)	Six months ended September 30, 2023	Six months ended September 30, 2024	YoY	Change
Net sales	52,764	69,447	31.6%	16,683
Operating profit	3,210	3,126	△2.6%	△83
Ordinary profit	3,271	3,069	△6.2%	△201
Profit attributable to owners of parent	2,137	1,961	△8.2%	△175

Performance results by business segment are as follows.

① Brand Fashion business

In the Brand Fashion business, a domestic Group company, Komehyo Co., Ltd., opened 15 purchase centers in addition to three small stores for product buying and selling, including Komehyo Nagoya Main Store Bag+ (Bag Plus), a selected product retailer, and Komehyo LaLaport Aichi Togo. K-Brand Off Co., Ltd. opened 11 purchase centers (including franchised stores). Among the overseas Group companies, Saha Komehyo Co., Ltd. (Thailand) opened one retail store, Komehyo Singapore Pte. Ltd. (Singapore) also opened one retail store, and Komehyo Brand Off Asia Ltd. (Hong Kong) opened two retail stores.

Regarding the purchase price of used goods, Komehyo Co., Ltd. strengthened existing stores by enhancing promotional activities and campaigns in addition to holding purchase events under the concept, "Sell your goods at the reliable and familiar store nearby," aggressively opening purchase centers and taking other measures. Further, to expand the lineup of products offered at retail stores, goods were purchased from individuals for high purchase prices, with a focus on popular products, and corporate purchasing was also actively utilized.

Regarding sales, the Group increased online contact points starting with an e-commerce site and contact centers, enhanced the in-store inventory to respond to the increase in the number of visitors to stores, including foreigners visiting Japan, took measures to deepen its relationship with customers and renovated multiple BRAND OFF retail stores in Japan and overseas. In addition, in response to strong purchases from individuals, the Group

strengthened corporate sales after enhancing products for retail and strengthened the corporate auctions that KOMEHYO Auction Co., Ltd. and K-Brand Off Co., Ltd. each operate.

Regarding operating profit, the Company used corporate sales to liquidate inventory in response to the fluctuation of the prices of some products which has been ongoing since August. As a result, the gross profit margin decreased and the operating profit margin also fell despite selling, general and administrative expenses being controlled.

As a result of the above, the net sales of this segment for the six months ended September 30, 2024 were 67,229 million yen (up 32.3% year on year) and operating income was 2,962 million yen (down 5.2% year on year).

② Tire and Wheel business

Regarding sales of tires, wheels, and custom parts, sales of tire and wheel sets were strong as manufacturers revised their wheel prices. Sales of our in-house designed wheels were also strong both in Japan and overseas. Additionally, as individual purchases have been strong, we have been able to secure ample inventory. As a result, used sales increased and profit margins improved.

As a result of the above, the net sales of this segment for the six months ended September 30, 2024 were 2,194 million yen (up 13.1% year on year) and the segment posted an operating income of 29 million yen (compared to an operating loss of 6 million yen in the same period of the previous fiscal year).

③ Real Estate Leasing business

In the Real Estate Leasing business, the Group manages the leasing of stores and leases the Group companies' major stores to the Group companies.

The net sales of this segment for the six months ended September 30, 2024 were 175 million yen (up 22.5% year on year) and operating income was 58 million yen (up 35.1% year on year).

(2) Overview of financial position for the current interim period

(Assets)

Net assets totaled 74,707 million yen at the end of the first six months of the fiscal year under review, which was an increase of 10,667 million yen from the end of the previous fiscal year. This was primarily due to increases of 263 million yen in cash and deposits, 497 million yen in accounts receivable – trade, 7,885 million yen in inventories, 121 million yen in current assets – other (accounts receivable – other, etc.), 458 million yen in buildings and structures, net, 202 million yen in property, plant and equipment – other, net, 816 million yen in leased assets (intangible assets), 230 million yen in intangible assets – other (software, etc.), and 171 million yen in investments and other assets.

(Liabilities)

Net liabilities totaled 43,794 million yen at the end of the first six months of the fiscal year under review, which was an increase of 8,524 million yen from the end of the previous

fiscal year. This was attributable largely to increases of 907 million yen in accounts payable – trade, 9,292 million yen in short-term borrowings, 306 million yen in lease liabilities (current liabilities), 256 million yen in accounts payable – other, 152 million yen in long-term borrowings, 572 million yen in lease liabilities (fixed term) and 103 million yen in asset retirement obligations, which more than offset decreases of 2,478 million yen in current portion of long-term borrowings, 372 million yen in income taxes payable, and 142 million yen in provision for bonuses.

(Net assets)

Net assets totaled 30,913 million yen at the end of the first six months of the fiscal year under review, which was an increase of 2,143 million yen from the end of the previous fiscal year. This is mainly due to the posting of 1,961 million yen in profit attributable to owners of parent and an increase of 626 million yen in foreign currency translation adjustment, which more than offset 482 million yen in dividends of surplus.

As a result, the equity ratio stood at 40.9% (compared to 44.4% at the end of the previous fiscal year).

(3) Explanation of Consolidated Financial Results Forecast and Other Forward-looking Information

There are no revisions to the full-year earnings forecasts for the fiscal year ending March 31, 2025, which were announced on August 13, 2024, in “Notice Concerning Revision of Earnings Forecasts and Dividend Forecasts”

① Consolidated performance forecast

Consolidated Financial Results Forecast	Fiscal year ending March 2025
	Full year (Millions of yen)
Net sales	144,500
Operating profit	8,470
Ordinary profit	8,400
Profit attributable to owners of parent	5,560

② Dividend forecast

	Annual dividends per share (Yen)		
	Second quarter-end	Fiscal-year end	Total
Fiscal year ended March 31, 2024	44.00	44.00	88.00
Fiscal year ending March 31, 2025	52.00	—	—
Fiscal year ending March 31, 2025 (Forecast)	—	52.00	104.00

2. Semi-annual Consolidated Financial Statements and Major Notes

(1) Semi-annual Consolidated Balance Sheet

(Thousands of yen)

	As of March 31, 2024	As of September 30, 2024
Assets		
Current assets		
Cash and deposits	15,208,866	15,472,047
Accounts receivable – trade	3,917,182	4,414,556
Inventories	24,353,155	32,238,621
Other	6,447,695	6,569,269
Total current assets	49,926,900	58,694,494
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	4,619,444	5,077,646
Land	1,644,961	1,644,961
Construction in progress	156,906	121,311
Other, net	1,048,097	1,250,129
Total property, plant and equipment	7,469,408	8,094,048
Intangible assets		
Goodwill	449,586	506,404
Leased assets	752,061	1,569,047
Other	1,669,547	1,899,976
Total intangible assets	2,871,194	3,975,428
Investments and other assets	3,771,971	3,943,483
Total non-current assets	14,112,574	16,012,961
Total assets	64,039,475	74,707,455
Liabilities		
Current liabilities		
Accounts payable – trade	870,728	1,778,148
Short-term borrowings	19,154,400	28,447,300
Current portion of bonds payable	72,000	72,000
Current portion of long-term borrowings	2,788,170	310,150
Lease liabilities	395,098	701,914
Accounts payable – other	1,428,784	1,685,679
Income taxes payable	1,442,075	1,069,426
Contract liabilities	463,476	402,589
Provision for bonuses	1,198,397	1,055,703
Provision for merchandise warranties	10,417	10,111
Provision for point card certificates	102,088	112,113
Other	510,418	406,106
Total current liabilities	28,436,056	36,051,242
Non-current liabilities		
Bonds payable	68,000	32,000
Long-term borrowings	4,825,000	4,977,000
Lease liabilities	431,281	1,003,501
Provision for retirement benefits for directors (and other officers)	23,598	23,598
Provision for merchandise warranties	610	694
Provision for point card certificates	177,879	227,633
Retirement benefit liability	126,063	135,057
Asset retirement obligations	953,440	1,056,567
Contract liabilities	115,816	142,855
Other	111,726	144,004
Total non-current liabilities	6,833,416	7,742,913
Total liabilities	35,269,473	43,794,156

(Thousands of yen)

	As of March 31, 2024	As of September 30, 2024
Net assets		
Shareholders' equity		
Share capital	1,803,780	1,803,780
Capital surplus	1,909,872	1,922,750
Retained earnings	24,013,796	25,492,841
Treasury shares	△80,858	△80,620
Total shareholders' equity	27,646,589	29,138,750
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	67,056	64,219
Foreign currency translation adjustment	691,836	1,318,586
Total accumulated other comprehensive income	758,892	1,382,805
Non-controlling interests	364,519	391,742
Total net assets	28,770,002	30,913,299
Total liabilities and net assets	64,039,475	74,707,455

(2) Semi-annual Consolidated Statements of Income and Comprehensive Income
(Semi-annual Consolidated Statements of Income)

(Thousands of yen)

	Six months ended September 30, 2023	Six months ended September 30, 2024
Net sales	52,764,117	69,447,459
Cost of sales	39,472,694	53,100,636
Gross profit	13,291,422	16,346,823
Selling, general and administrative expenses	10,080,807	13,220,127
Operating profit	3,210,615	3,126,695
Non-operating income		
Interest income	8,045	7,555
Dividend income	11,510	18,760
Foreign exchange gains	53,861	—
Commission income	2,284	2,093
Insurance claim income	3,907	10,504
Other	22,185	19,982
Total non-operating income	101,794	58,896
Non-operating expenses		
Interest expenses	32,046	95,431
Foreign exchange losses	—	11,599
Rent expenses on store(construct in progress)	4,610	2,510
Other	4,687	6,590
Total non-operating expenses	41,345	116,131
Ordinary profit	3,271,064	3,069,460
Extraordinary income		
Gain on sale of non-current assets	823	1,993
Total extraordinary income	823	1,993
Extraordinary losses		
Loss on retirement of non-current assets	26,454	55,952
Loss on cancellation of rental contracts	542	5,999
Impairment losses	39,643	—
Total extraordinary losses	66,639	61,951
Profit before income taxes	3,205,247	3,009,502
Income taxes	1,057,131	1,039,427
Profit	2,148,115	1,970,074
Profit attributable to non-controlling interests	11,046	8,952
Profit attributable to owners of parent	2,137,069	1,961,121

(Semi-annual Consolidated Statements of Comprehensive Income)

	Six months ended September 30, 2023	Six months ended September 30, 2024
Profit	2,148,115	1,970,074
Other comprehensive income		
Valuation difference on available-for-sale securities	19,618	△2,836
Foreign currency translation adjustment	344,810	729,231
Total other comprehensive income	364,428	726,394
Comprehensive income	2,512,544	2,696,468
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	2,478,729	2,666,816
Comprehensive income attributable to non-controlling interests	33,814	29,652

(3) Notes on Semi-annual Consolidated Financial Statements

(Notes regarding accounting treatments specific to the preparation of semi-annual consolidated financial statements)

(Calculation of tax expenses)

Regarding tax expenses, we reasonably estimate the effective tax rate after applying tax effect accounting to the consolidated net income before taxes for the consolidated fiscal year including the current semi-annual consolidated accounting period, and multiply the interim net income before taxes by the estimated effective tax rate.

However, for companies whose tax expenses would be extremely unreasonable if calculated using the estimated effective tax rate, the amount calculated using the effective statutory tax rate is recorded.

(Notes when there is a significant change in the amount of shareholders' equity)

There are no applicable items.

(Notes regarding going concern assumption)

There are no applicable items.